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Brazil

Fresh Deciduous Fruit

Brazilian Apple and Pear Production and Trade

2003

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Report Highlights:
Brazil's 2002/03 apple crop is expected to decline by 4 percent. Apple exports are projected to increase by 10 percent in 2003, while apple imports will likely increase by 5 percent. Pear production is insignificant in Brazil. Imports of pears are estimated to increase by 5 percent in 2003, after a decline of 21 percent in 2002.

Includes PSD changes: No
Includes Trade Matrix: Yes
Unscheduled Report
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Executive Summary

This reports concentrates on apple production, consumption, and trade only. For pears, this report provides only import data, since pear production is insignificant in Brazil. Imports of pears are estimated to increase by 5 percent in 2003, after a decline of 21 percent in 2002, mostly due to unfavorable exchange rate. Apple production in 2002/03 crop is expected to decline by 4 percent from the previous year, while exports are projected to increase by 10 percent and imports to increase by 5 percent.

Production

The harvest of the Brazilian 2002/03 apple crop began in mid-January and it is expected to be completed by May 2003. Our trade sources reported that 18 percent of the current crop has been harvested, and that they estimate production at 825,000 metric tons, nearly 4 percent lower than the 2001/02 crop. The decrease in production is due to adverse weather in the producing regions of Santa Catarina, but hail also affected some apple orchards in Rio Grande do Sul. The quality of the apple crop in 2003 is reportedly good, and prices are expected to remain firm since the current crop is still below the record crop of 1999/00, when the Brazilian apple production reached nearly one million metric tons.

Total area planted of apples in Brazil is estimated at 33,150 hectares, of which 32,685 hectares are under production. The state of Santa Catarina remains as the main apple producer and is expected to increase its share to 54 percent this year, followed by the state of Rio Grande do Sul with 43 percent. The two most important varieties cultivated in Brazil are "Gala" (normally harvested Jan-Feb, accounting for 46 percent of total production), and "Fuji" (harvested during Mar-Apr with 45 percent of total production). Brazilian apple producers have also harvested, for the first time, in 2002, a variety developed by the research service of Santa Catarina, called "Diane", and harvested during March. This variety is the first one to be under the new cultivar protection law.

The storage capacity is projected to reach 62 percent during the 2002/03 crop year, of which 56 percent is cold storage, while 44 percent is conventional storage. The state of Santa Catarina accounts for most of the apple storage capacity in Brazil, holding 54 percent of the cold storage and 43 percent of the conventional storage capacity for the apple crop.

Table I: Brazil: Area Harvest and Production of Apples, by state, 2002/03 crop year:

State	Area Harvested (Hectares)	Production (Metric Tons)
Santa Catarina	16,820	453,750
Rio Grande do Sul	13,900	330,000
Parana	1,600	33,000
Others	365	8,250
Brazil	32,685	825,000

Source: Office of Agricultural Affairs (OAA), based on interviews with trade sources.

Consumption

Apple consumption is expected to decrease by over 4 percent in 2003 due to lower availability of domestic production, and higher prices for both imported and domestic apples. Consumption of apples in Brazil is mostly fresh, although production of apple juice is increasing slowly. In 2002, the average wholesale price for apples in the Sao Paulo market was US$9.70 per box of 18 kilograms, compared to US$10.37 in 2001.

Table II: Brazilian Apple Market (in metric tons):

Year	2000	2001	2002	2003 (a)
Production	967,063	705,515	857,340	825,000
Imports	43,651	80,374	53,487	56,162
Exports	64,480	35,786	65,927	72,520
Apparent Consumption	946,234	750,103	844,900	696,318

Source: Office of Agricultural Affairs (OAA), based on interviews with trade sources.
a) Estimated.

Trade

Trade sources estimate that apple exports will increase by 10 percent in 2003 due to the favorable exchange rate (average between R$3.40 and R$3.50 per U.S. dollar), and good quality of the 2003 apple crop. The European Union remains as the most important market for Brazilian apple exports, although Brazilian exporters have made some in-roads into the Asian and Middle Eastern markets.

In 2002, apple exports increased by 84 percent from the previous year, and the European Union accounted for 89 percent of all Brazilian apple exports, against 92 percent in 2001. The Netherlands accounted alone for 38 percent of all Brazilian apple exports, followed by the United Kingdom with 12 percent, and Portugal with 10 percent.

Apple imports decreased in 2002, but it is expected to rebound by 5 percent in 2003. In 2002, Argentina was the major supplier of apples to Brazil with 73 percent of the total imports, followed by Chile with 25 percent. These two countries benefit from preferential import rates and the MERCOSUL agreement.

Policy

There is no national policy for increasing apple production in Brazil. Production policies are limited to the two southern states of Santa Catarina and Rio Grande do Sul, and are designed to improve infrastructure in the sector, such as increasing cold storage capacity and agricultural research. Recently, the government of Santa Catarina began an assistance program to small apple producers by providing support to form producer cooperatives in order to be able to market their products, since apple production in that state is concentrated among few large companies.

The Ministry of Agriculture, Livestock , and Food Supply (MAPA), published Normative Instruction Number 50, with the Technical Regulations for the Identity and Quality of Apple for Grading purposes. Normative Instruction Number 50 entered into force on September 20, 2002.

Marketing

Brazilian apple exporters through the Brazilian Fruit Institute (IBRAF) in partnership with the Brazilian Export Promotion Agency (APEX) are planning to double its funds to R$3 million to conduct market promotion activities for Brazilian apples in selected markets, mostly in trade shows in the European Union.

Statistical Tables

Table III: Brazil: Imports of Apples by Country of Origin, 1999-2002

BRAZIL: IMPORTS OF FRESH APPLES BY COUNTRY OF ORIGIN: 1999-2002								
Country of	1999		2000		2001		2002	
Origin	MT	US$1000	MT	US$1000	MT	US$1000	MT	US$1000
Argentina	50,582	21,655	27,072	14,008	57,696	22,174	39,283	13,627
Chile	9,623	3,200	10,601	4,161	20,338	5,834	13,314	3,908
USA	1,742	721	510	264	230	114	0	0
Spain	0	0	241	107	40	13	18	10
France	3,143	1,324	3,381	1,702	1,792	966	707	309
Italy	454	238	1462	755	149	82	18	13
Portugual	49	14	22	10	20	14	136	85
Uruguay	859	366	362	129	109	38	11	5
Others	1	1	0	0	0	0	0	0
Total	66,453	27,519	43,651	21,136	80,374	29,235	53,487	17,957
Notes:								
1- Harmonized Tariff System (HTS) Code: 0808.10.00								
2- Import Duty (Ad Valorem): 11.5 percent								
Effective, January 1, 2003.								

Table IV: Brazil: Exports of Apple by Country of Destination, 1999-2002

BRAZIL: EXPORTS OF FRESH APPLES BY COUNTRY OF DESTINATION, 1999-2002								
Country of	1999		2000		2001		2002	
Origin	MT	US$1000	MT	US$1000	MT	US$1000	MT	US$1000
Netherlands	37,158	18,260	30,612	13,415	19,618	9,266	25,343	11,657
United Kingdom	7,760	4,801	11,510	6,331	3,760	2,264	8,119	4,071
Hong Kong	4,755	2,547	1,166	466	0	0	320	173
Spain	3,460	2,038	1,964	1,136	1,462	868	4,457	2,053
Portugal	1,100	572	832	386	550	289	106	47
Belgium	850	510	2,043	854	2,477	1,168	6,397	2,720
Italy	602	371	584	334	533	369	3,620	1,789
United States	746	334	552	251	21	7	281	124
Singapore	423	249	290	149	0	0	169	64
Norway	0	0	1,548	895	869	527	1,163	748
Finland	0	0	420	221	663	375	1,258	755
Sweden	0	0	1,135	627	342	204	2,963	1,360
Germany	333	231	6,160	2,971	2,880	1,333	5,408	2,854
Others	262	264	5,664	2,721	2,611	1,469	6,323	2,988
Total	57,449	30,177	64,480	30,757	35,786	18,139	65,927	31,403
Notes:								
1- Harmonized Tariff System (HTS) Code: 0808.10.00								

Table V: Brazil: Imports of Pears by Country of Origin, 1999-2002

BRAZIL: IMPORTS OF FRESH PEARS BY COUNTRY OF ORIGIN, 1999-2002								
Country of	1999		2000		2001		2002	
Origin	MT	US$1000	MT	US$1000	MT	US$1000	MT	US$1000
Argentina	91,787	41,992	84,225	41,436	108,271	44,419	81,306	28,753
United States	11,339	6,687	6,760	4,216	2,509	1,552	995	703
Portugal	3,447	1,702	4,108	2,415	3,755	2,186	3,531	2,259
Chile	2,988	1,131	4,274	1,748	2,392	1,024	6,043	2,643
Spain	755	391	1,083	755	262	172	394	261
Uruguay	639	244	852	290	420	144	144	78
France	138	68	84	59	19	13	60	58
Others	1	2	0	0	6	4	0	0
Total	111,094	52,217	101,386	50,919	117,634	49,514	92,473	34,756
Notes:								
1- Harmonized Tariff System (HTS) Code: 0808.10.10								
2- Import Duty (Ad Valorem): 11.5 percent								
Effective January 1, 2003								